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State Department review completed

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USSR: Aleksandr Solzhenitsyn is under arrest, according to his wife. Police took Solzhenitsyn from his wife's apartment late Tuesday, after he refused to comply with a summons to appear at the prosecutor's office that morning.

Solzhenitsyn had appeared to abandon all caution recently and to seek confrontation with the regime. His defiance of the summons was a challenge to legal authority that could not be left unanswered.

Western newsmen who saw Solzhenitsyn on Monday told the US Embassy in Moscow that he was resolved not to make the authorities' task easier. He did not seem averse to provoking them into taking him forcibly. He gave the correspondents part of the unpublished last half of the Gulag Archipelago; the extract condemns current Soviet legal procedures.

Solzhenitsyn also issued a written statement this week that refers to the "complete and general illegality ruling in our country," and demands that a host of past and present wrongs be corrected. In essence, he is enunciating the principle of civil disobedience.

Implications of the arrest for Soviet foreign and domestic policy will depend on the nature of the charges and the handling of the case. The most satisfactory solution, from the Kremlin's point of view, would be expulsion--a theme that has been sounded repeatedly both privately by Soviet officials and publicly by the media.

The leveling of formal charges yesterday, however, leaves open the possibility that he will be tried and convicted. A quick trial and light sentence on some minor charges, perhaps unrelated to publication of the Gulag Archipelago, might be the best way out for the Soviets. Such a solution would lessen the damage the affair will have on Moscow's detente policy and on relations with foreign communist parties.

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Considerable damage would be caused by a long detention, a trial focused on Solzhenitsyn's activities as a writer, and a heavy sentence.

The decision to arrest the author was made at the very top. Until now, the leadership has not been ready to prosecute, largely because of the effect abroad. Commentators had voiced the opinion that action should not be taken that would make a martyr of Solzhenitsyn. Letters in the press urged that he leave, or be made to leave, the country.

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SYRIA-ISRAEL: Israel may be planning to retaliate for Syrian shelling of Israeli civilian settlements on the Golan Heights.

The Israeli press claims that the three-hour Syrian barrage along the entire front on February 11 was one of the heaviest since the October war and that for the first time Israeli settlements there were hit. Two Israelis were killed and five soldiers were wounded. One settlement was severely damaged.

25X1 [redacted] the shelling was timed to catch the settlers by surprise. Israeli commentators have suggested that this indicates a deliberate decision by Syria to inflict maximum casualties. The US Embassy in Tel Aviv believes that the government is behind press stories suggesting the attacks violated a tacit Syrian-Israeli understanding. The understanding was that the Israelis would refrain from retaliatory air strikes as long as Damascus limited its attacks to military targets. The Israeli press has also suggested that Israel might now respond by shelling Damascus airport or by conducting air raids on Syrian military positions.

Damascus may have launched the attacks in response to Prime Minister Meir's recent statements about Israeli retention of the Golan Heights and to allegations that the Israelis plan to start building a new city there. The shelling also may be more Syrian muscle-flexing prior to moving toward a disengagement agreement.

25X1 The Israelis have shown some restraint in the face of past Syrian shellings. They are likely to retaliate if there are more attacks on Israeli settlements, particularly if these result in civilian casualties. [redacted]

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LAOS: Prime Minister Souvanna's high hopes for forming, or at least naming, the new coalition government by the first anniversary of the Laos peace agreement on February 21 have been deflated. The chief Lao Communist political negotiator, Phoun Sipraseuth, has failed to give Souvanna a promised list of Communist cabinet ministers.

Phoun, who returned last week from Communist headquarters in Sam Neua, presented Souvanna only a letter from his half-brother, Pathet Lao leader Prince Souphanouvong. Souvanna suggested to a US Embassy official yesterday that the letter dealt with procedures required to invest the new government.

The Communists, according to Souvanna, remain strongly opposed to submitting the members of the new coalition to the existing National Assembly for approval. They apparently also object to Souvanna's scheme to "notify" the assembly of the new government's composition and want to avoid a legislative vote of confidence, at least until after investiture by the King.

The Lao Communists do not recognize the authority or legitimacy of the National Assembly. They want to bypass it completely and submit the new government directly to the King for his approval. The King, however, is a strict constitutionalist and has steadfastly insisted that assembly ratification of the new government must precede royal investiture.

Souvanna is reluctant to face the assembly on this matter because it is dominated by his rightist political opponents, who have frequently expressed unhappiness over his handling of negotiations with the Communists. Consequently, these critics will almost certainly insist on having some say in the new government's formation. [REDACTED]

JAPAN: Despite the government's continuing efforts to dampen inflation, the wholesale price index jumped 5.5 percent last month to a level 34 percent higher than a year earlier. The consumer price index in Tokyo rose 4 percent and stood 20 percent above January 1973.

Declines in the prices of several important industrial products--steel, electrolytic copper, lumber, and natural fibers--however, presage a slow-down in the inflationary spiral. Prices for these products dropped largely because speculative pressures, which had built up rapidly at the peak of the energy crisis, have now eased. Moreover, production of these items has not dropped as much as had been anticipated.

Tokyo is pressing ahead with anti-inflationary measures even though industrial production has declined slightly in the last two months. Monetary policy has been tightened and government spending is being kept in check. In addition, Tokyo has warned business leaders that an excess-profits tax may be imposed if prices are raised excessively. The government also has cracked down on firms that hoard scarce items and has fixed the prices of several consumer products.

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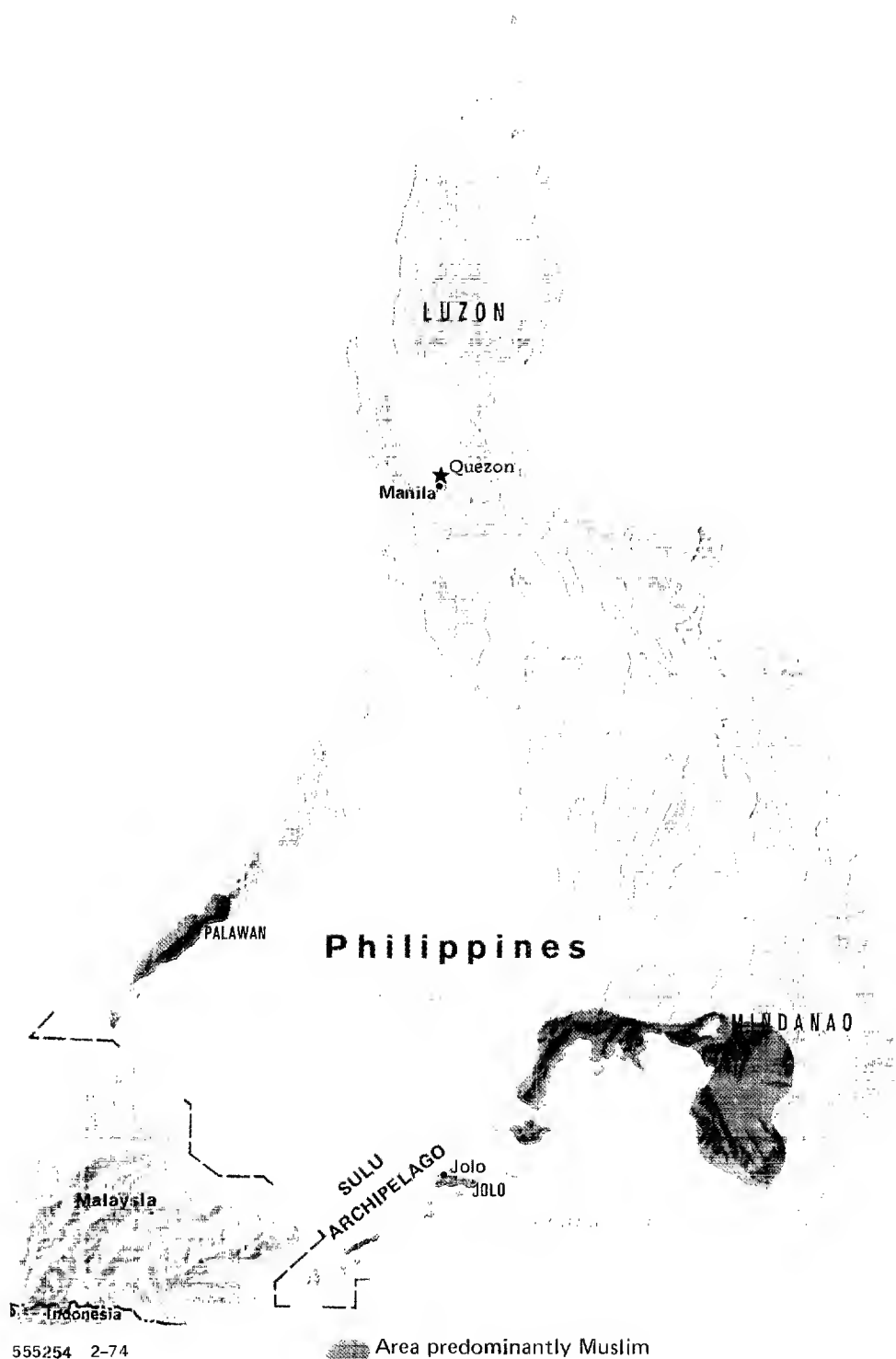
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PHILIPPINES: Government troops have only slowly been able to reassert control over the southern Philippine city of Jolo, which Muslim insurgents largely overran late last week. The rebels attacked after a new government military offensive was launched against Muslim strongholds elsewhere on Jolo Island.

The aggressiveness of the dissidents and the ineffectiveness of the government operation allowed the Muslims to score early victories. Government commanders evidently believed that because of the recent amnesty program, the insurgents had been reduced to a relatively small, isolated group that could be dealt with militarily. Planners of the government offensive may also have counted too heavily on several hundred recent Muslim defectors to back up regular units attacking rebel positions.

The fighting on Jolo points up President Marcos' continuing dilemma in coping with the Muslim insurgency. Neither negotiations nor military force have produced satisfactory results. Some Muslim groups--generally those under the influence of traditional political leaders--have responded to offers of accommodation with the central government. Other groups--those controlled by young radicals--reject negotiations because they believe a peaceful settlement would only strengthen traditional leaders whom they want to supplant.

The radicals probably still represent only a minority of the Muslim dissidents. Government military moves against them, however, have often precipitated widespread violence and involved moderate groups in the fighting.

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ROMANIA - MIDDLE EAST: President Ceausescu's current swing through four Arab capitals marks his latest effort to justify Bucharest's neutralist policy toward the Middle East and to head off Arab plans to boycott Romanian exports. The Arabs imposed a boycott on Romania after the Middle East conflict in 1967.

Ceausescu's delegation, which includes the foreign minister, foreign trade minister, and a host of experts, arrived in Tripoli yesterday, and will later visit Beirut, Damascus, and Baghdad. Romanian press buildup for the trip suggests that Ceausescu will offer limited political and economic concessions, but will not bow to Arab demands that Bucharest break diplomatic relations with Israel. In Syria and Iraq, the talks will be difficult because the Romanians will face leaders who have been particularly vociferous advocates of a boycott of Romanian goods.

A preliminary recommendation for Arab economic sanctions against Romania already awaits action by the Arab League. Ceausescu's personal efforts to avert a boycott will probably feature attractive offers of Romanian oil-extraction equipment and technology and selective political support for Arab goals, including the establishment of a Palestinian state. Ceausescu will probably also seek larger amounts of Arab oil to continue Romania's lucrative and growing exports of refined petroleum products.

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JORDAN: King Husayn has taken measures to stem the soaring price of food in Jordan. The government has reduced the import tax on basic food commodities by 20 percent, lowered the price of sugar and rice, and placed a temporary ban on the export of fruit and other foodstuffs. Recent disturbances within the army were in large part caused by protests over skyrocketing food prices, which have increased 25 percent since the October war and 34 percent for all of 1973. [REDACTED]

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*SPAIN: Newly appointed Premier Arias has taken a small step allowing more popular participation in political affairs.

In his speech to the Cortes yesterday, Arias proposed that a statute be drafted authorizing the right of association. He stated his hope that the associations regulated by this statute would be able to participate in the country's political life. He also called for the election of mayors, who are now appointed by the central government.

The Premier qualified his proposals by saying they could not take place unless law and order are maintained. He stated, however, that his government would choose preventive action before repression in dealing with any threats to order.

Arias' plan for associations is not new. The 1967 constitution promulgated by Franco provided for contrasting opinions to be expressed through associations within his National Movement. Previous efforts to pass legislation permitting associations have been blocked by Franco himself. He feared that they would become political parties, which are banned in Spain. Presumably, Arias, to whom Franco gave a free hand in choosing his cabinet, has been able to persuade the Caudillo to allow him additional freedom of maneuver in encouraging associations.

Arias' legislative program represents a defeat for those who had advocated tougher measures following the assassination of his predecessor. This faction within the establishment will now devote its energy to restricting the power and scope of the new associations.

*Because of the shortage of time for preparation of this item, the analytic interpretation presented here has been produced by the Central Intelligence Agency without the participation of the Defense Intelligence Agency, Department of Defense.

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FOR THE RECORD

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ARGENTINA: The federal police claim to have thwarted an attempt to assassinate Juan Peron and visiting Uruguayan President Bordaberry yesterday. Suspects in the plot include members of Argentine leftist extremist groups and of the Uruguayan Tupamaro terrorist organization. According to the authorities, at least 30 people involved have been arrested, and considerable amounts of arms and explosives seized.

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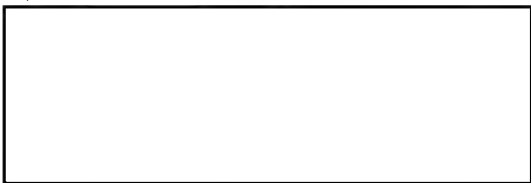
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